



# FINANCIAL INCLUSION AMONG RURAL PEOPLE WITH SPECIAL REFERENCE TO KATTAPPANA

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## ABSTRACT

Financial inclusion is a flagship programme of the Reserve Bank of India. To push towards universal financial inclusion, the Reserve Bank has taken several initiatives. This study is aimed at knowing the effect of financial inclusion among people at Kattappana and to suggest ways to make the government efforts more fruitful. The required data gathered from the respondents through convenient sampling and are analyzed by using various mathematical techniques and statistical tools like percentage method and chi square.

**KEY WORDS:** Financial inclusion, Inclusive and exclusive growth.

## INTRODUCTION

Inclusive and exclusive growth is the new mantra promoted by central government, through which new methods and schemes are adopted to bring the disadvantages and other excluded people into the fold of finance. The concept and practice of financial inclusion has, formed the spear head in the overall national strategy of inclusive growth, judging by the prominence it has assumed in public discourse in recent years. Financial inclusion or inclusive financing is the delivery of financial service at affordable cost to sections of disadvantaged and low income segments of society. In India financial inclusion first featured in 2005, when it was introduced by K.C.Chakrabarty, the chairman of Indian Bank.

## IMPORTANCE OF THE STUDY

In this study the approach to financial inclusion is based on three major premises. One, the national agenda of securing justice enunciated in our constitution is far from complete even after six decades of planning and policy formulation in a democratic polity, like ours; two, inequalities of income and opportunities have arisen mainly from imbalances in the process of growth and have resulted in the endemic problems of poverty, unemployment and backwardness persisting in the rural area; three, development and growth in their true sense can be achieved only by empowerment of rural masses and by correcting the serious anomaly involved in the fact that agriculture on which 77 per cent of our population depend for their livelihood, accounts for only a trivial part of national GDP. In the light of these considerations, my enquiries have been directed to shed some light on local conditions of denial or deprivations that might have contributed to backwardness or lack of development in remote areas and to examine the role of financial inclusion to serve as an effective tool to mitigate such conditions. This

study helps in knowing the financial awareness of people in rural area, number of people utilizing the banking services and also to create awareness about financial inclusion scheme of RBI among rural people.

## STATEMENT OF THE PROBLEM

Government had introduced the concept of financial inclusion for the purpose of increasing the reachability of banking services to the rural people. But it has been observed that the rural people are not much aware about making use of the benefits of financial inclusion and its impact. The study is intended to know the utilization of banking facilities by rural people in Kattappana panchayat and extent of awareness among rural people about financial inclusion.

## OBJECTIVES

The study has been undertaken with the following objectives:

- To assess the level of awareness and use of banking services by rural people.
- To measure satisfaction level of people with current banking services.
- To suggest improvements for the success of financial inclusion.

## MATERIALS AND METHODS

The primary data were collected through questionnaire method from the population, that constitutes the entire rural people residing in Kattappana Panchayath. 65 samples have been collected using convenient sampling method.

## RESULTS AND DISCUSSION

Table 1: Subjects Demographics

Gender	Male [43]	Female [22]			
Education	Below SSLC [ 34]	Below +2 [11]	Graduate [9]	Post Graduate [10]	Not educated [1]
Occupation	Self employed [40]	Government [10]	Private [10]	NRI [2]	Student [3]
Income	Below 50,000 [32]	50,000-1,00,000 [19]	1,00,000-2,00,000 [10]	Above 2,00,000 [4]	
Having bank account	Yes [60]			No [5]	
Reasons for not having bank account	Lack of guidance [3]	Low literacy [1]	Tedious procedure [1]		
Product/ services availed	Mobile banking [11]	ATM/debit cards [49]	Loans & advances [21]	Credit card [9]	Net banking [11]

## INTERPRETATION

It is evident from the table that majority of the respondents (66%) are male and having education below SSLC (52.3%) have bank account and are able to use debit cards for their financial transactions. But the majority of respondents are not able to use the modern banking facilities like mobile banking and internet banking due to the lack of awareness on such services.

## HYPOTHESIS:

**H<sub>0</sub>:** There is no significant relationship between savings of the respondents and their approach to bank for credit.

## Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	11.291 <sup>a</sup>	5	.046
Likelihood Ratio	10.276	5	.068
Linear-by-Linear Association	5.297	1	.021
N of Valid Cases	65		

Source: SPSS

Here the probability value of significance is .046. That means less than .05(5% level of significance). Hence we accept  $H_1$  and reject  $H_0$ , i.e.

There is significant relationship between savings of respondents and their approach to bank for credit.

#### SUGGESTIONS

This study reveals that, even though the respondents are having bank account, their access to modern banking facilities is limited. Basic awareness should be provided to rural people regarding the importance of banking services and make them aware of various modern facilities provided by bank such as ATM, mobile banking, net banking, credit card facilities etc. It is felt that more private sector banks should be involved in financial inclusion and they should be made realize that it is not only a business opportunity for them but a Corporate Social Responsibility too.

#### CONCLUSION

The availability of quality financial services in rural areas is important for the growth of the economy as this will enable the large number of households to fund the growth of their livelihood. The growth of the economy is dependent on the growth of the rural market in the country. Therefore greater financial inclusion in these segments is imperative. From the study it is found that financial inclusion in Kattappana is success to some extent. But necessary steps should be taken to make the rural people aware of various modern facilities offered by banks or financial institutions and utilization of these facilities in an effective way for the success of financial inclusion.

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